

**State of Wisconsin
Office of the Commissioner of Insurance**

**Small Employer Health Insurance Task Force
Task Force Meeting-March 12, 2001**

**Department of Financial Institutions
Tommy G. Thompson Conference Room
345 W. Washington Ave.
Madison, WI**

Minutes of Meeting

Task Force Members Present:

Connie L. O'Connell, Chair
Sen. Roger Breske
Steven Broeckert
Bill Smith representing Don Carrig
Paul Corcoran
Coreen Dicus-Johnson representing Joe Decker
Paul Dell Uomo
Bill Felsing
Jeffrey Mason
Nancy Potter
Rep. Lorraine Seratti

Members not present:

NONE

Participating Staff:

Eileen Mallow, Assistant Deputy Commissioner
Fred Nepple, General Counsel
Mike Honeck, Chief Health and Life Insurance Section
Jim Guidry, Legislative Liaison

Presenters:

Angela Dombrowicki, DHFS
Cheryl McIlquham, DHFS

Minutes:

Ms. O'Connell called the meeting to order and made some brief opening remarks. The task force reviewed the minutes of the last meeting. There was no discussion and the minutes were approved.

BadgerCare/HIPP Program

Angela Dombrowicki, from the Department of Health and Family Services gave a presentation on BadgerCare. She outlined the history of the program, the goals, basic provisions, current enrollment and it's funding. Cheryl McIlquham, also of DHFS, described the HIPP program within BadgerCare that provides assistance with insurance premiums for low income people with health insurance. Cheryl detailed the current participation level, the goals of the program, recent changes and eligibility.

Neighboring States Survey

Mike Honeck of OCI staff presented information obtained from an OCI telephone survey of neighboring states regarding their own experiences with rate increases. The data, from the states of Nebraska, Minnesota, Illinois, and Indiana confirmed that premium rate increases in the Midwest are consistent with the increases being experienced in Wisconsin.

Tribal Provider Funding

Jim Guidry of OCI staff presented information regarding the Indian Health Service and the level of funding for Wisconsin tribes and the any effects on the distribution of Medicare reimbursements. The Indian Health Service operates a comprehensive health delivery system for American Indians and Alaskan natives. The funding is appropriated separate from Medicare and amounts to approximately \$34.5 million in Wisconsin. By comparison, the level of Medicare costs in Wisconsin is between \$17 and \$19 billion.

Mandate Flexibility

Fred Nepple and Mike Honeck of OCI staff made a presentation on mandate flexibility. Mike reviewed a previous attempt by Wisconsin to require a basic benefits package that was not successful. Fred went through a list of possible recommendations that the task force could propose. The highlight of the standard benefit package would be flexibility as it relates to the number of mandated benefits that are required to be either offered or covered.

Considerable discussion ensued. However, a consensus was not reached on any of the recommendations.

After considering that the lack of data that exists in Wisconsin, Rep. Seratti recommended that OCI update the mandated benefits study that was last conducted in 1993. The task force concurred with Rep. Seratti's recommendation.

Tax Incentives

Jim Guidry of OCI staff presented a list of possible tax incentives that could be recommended by the task force. The incentives generally advocated enhanced deductibility of insurance premiums beyond their current deductibility for federal and Wisconsin income tax purposes.

Once more, a lengthy discussion ensued. Some task force members surmised that increased deductions for co-pays and deductibles would increase incentives for people to overuse the health care delivery system, which runs counter to the primary reason for co-pays and deductibles

Other members felt that tax incentives should be targeted at small employers and should be coupled with other incentives. Other additional incentives included community rating for small employers and higher co-pays and deductibles that increase with usage. Also one view held that tax incentives could be phased in over time.

The Task Force requested that OCI further develop options for discussion at the next meeting.

Rate Issues

Mike Honeck presented a number of possible recommendations to make adjustments to rating regulations in Wisconsin. Such options included increasing or decreasing the rate bands, further restrictions on rate increases, and the definition of small employer.

Discussion about rating ensued with the pros and cons of making adjustments to rates and rate bands. While some members felt that the narrowing the rate bands would cause some unintended consequences, other members of the task force felt that some rate stabilization was necessary.

Next Meeting

Commissioner O'Connell broke off the discussion due to lack of time remaining and set a further additional meeting for approximately three weeks from this meeting to complete the agenda.